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FM REO BASRAH  
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RUEHBC/REO BASRAH 0996

C O N F I D E N T I A L SECTION 01 OF 03 BASRAH 000001

SIPDIS

EO 12958 DECL: 1/23/2020  
TAGS ECON, EINV, EPET, KCRM, PGOV, ASEC, IZ  
SUBJECT: BASRAH: FOREIGN SECURITY FIRMS ADAPT TO CHANGING CONDITIONS

REF: A. BAGHDAD 63 B. BAGHDAD 30  
BASRAH 00000001 001.2 OF 003

CLASSIFIED BY: John Naland, PRT Team Leader, PRT Basra, US State Department. REASON: 1.4 (b), (d) 1. (U) This is a Basrah PRT reporting cable.

Summary

12. (SBU) Since 2003, prominent foreign security companies such as Control Risks, Aegis, and Olive Group have been a familiar and prominent presence in Basrah. Foreign security companies in Basrah

13. (SBU) Foreign security companies with their armored convoys and heavily armed western security guards have been part of the landscape of Basrah.

14. (SBU) Some firms also offer more comprehensive services, including business intelligence, geopolitical risk management, crisis management, and

15. (SBU) According to our contacts, however, they do not come cheap: to escort a single executive for a four-hour, roundtrip from COB Basrah to Baghdad. Improved security, preference for Iraqi workers forcing changes

16. (SBU) The composition of the workforce of many security companies is beginning to change, and will likely change more soon. There are several

17. (C) It appears that this sentiment has increased in the wake of the Blackwater verdict in the United States (refs A, B) and recent GOI action. BASRAH 00000001 002.2 OF 003  
was released, but XXXXXXXXXXXX said that this episode could presage a more restrictive posture towards security firms "in retaliation for the E  
Security firms getting an Iraqi face

18. (SBU) Most, if not all, of these security firms are already Iraqi-licensed companies. (Note: While legally they may be Iraqi firms, they are not. Some IOCs complain of high prices; exaggerated threat

19. (C) Several IOC representatives have complained of what they contend are unwarranted high prices especially given the vastly improved security situation. Companies claim that high risk is still present

110. (C) Security firms openly acknowledge the improved security situation, but claim that Basrah remains a dangerous place. Firms often highlight

111. (C) Reconciling these views is not easy. While security is clearly better, there is no guarantee this trend will continue. Corporate board  
With security improved, market forces at work more

112. (SBU) As security continues to improve and pressure increases for security firms to have more of an "Iraqi face," market forces could play a role. BASRAH 00000001 003.2 OF 003  
current contract with the US Army Corps of Engineers.

Comment

113. (SBU) With improved security and absent a major upsurge in violence, security companies will likely become ever more Iraqi both in legal status and

114. (SBU) RSO Baghdad Comment: RSO believes that although security in Basrah appears to have improved, the environment should be regarded with